

Kinloch Anderson (Holdings) Limited

Directors' report and financial statements

29 March 1997

Registered number SC 65521

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Directors' report and financial statements

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Directors' report

The directors present their annual report and audited financial statements for the year ended 29 March 1997.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Review of business

The company did not trade during the year. The only activity of the company is the holding of an investment in a subsidiary company, Kinloch Anderson Limited, which is involved in the manufacture, wholesale and retailing of high quality clothing and accessories. In view of the continued improvement in that company's balance sheet, the provision against the cost of the investment in the company has been reduced by £105,187.

Directors and directors' interests

The directors who held office during the year were as follows:

D Kinloch Anderson (Chairman)
DA Kinloch Anderson

The directors who held office at the end of the financial year had the following interests in the share capital of the company:

	7% Cumulative £1 preference shares		Ordinary £1 shares	
	Interest at end of year	Interest at beginning of year	Interest at end of year	Interest at beginning of year
D Kinloch Anderson	55,080	55,080	108,115	108,115
DA Kinloch Anderson	44,920	44,920	43,776	43,776

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



D Kinloch Anderson
Secretary

Commercial Street/Dock Street
Leith, Edinburgh EH6 6EY

24 June 1997



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Report of the auditors to the members of Kinloch Anderson (Holdings) Limited

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

25 June 1997

Profit and loss account
for the year ended 29 March 1997

	<i>Note</i>	1997 £	1996 £
Release or provision against fixed asset investments	2	105,187	-
Profit for the financial year		105,187	-
Additional finance costs of non-equity shares	5	(7,000)	(7,000)
Profit/(loss) retained for the year for equity shareholders	5	98,187	(7,000)

Other than the profit for the year there have been no recognised gains or losses.

Balance sheet
 at 29 March 1997

	Note	1997 £	1996 £
Fixed assets			
Investments	2	105,187	-
Creditors: amounts falling due within one year	3	(500)	(500)
Net current liabilities		(500)	(500)
Net assets/(liabilities)		104,687	(500)
Capital and reserves			
Called up share capital	4	262,425	262,425
Capital redemption reserve		42,590	42,590
Profit and loss account	5	(200,328)	(305,515)
Shareholders' funds	6	(12,230)	(110,417)
Equity		116,917	109,917
Non-equity			
		104,687	(500)

The financial statements were approved by the Board of Directors on 24 June 1997 and were signed on its behalf by:



D Kinloch Anderson
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is a small company under sections 246 to 249 of the Companies Act 1985, and is granted exemption by FRS 1 from the requirement to prepare a cash flow statement.

Fixed assets

Fixed asset investments are stated at cost, plus amounts owed as long term loans less provisions.

Consolidated financial statements

Group financial statements are not prepared, as the group is considered a small sized group and is entitled to the exemption from the requirement to prepare group financial statements under Section 248 of the Companies Act 1985.

2 Fixed asset investments

Shares in subsidiary and associated undertakings

	£
<i>Cost</i>	
At beginning and end of year	109,088
<i>Provisions</i>	
At beginning of year	109,088
Written back during year	(105,187)
	3,901
At end of year	
<i>Net book value</i>	
At 29 March 1997	105,187
At 30 March 1996	-

The company holds 100% of the ordinary share capital of Kinloch Anderson Limited which is registered in Scotland. The principal activity of Kinloch Anderson Limited is the manufacture, wholesale and retailing of high quality clothing and accessories. The company holds 33% of the ordinary share capital of Tolbooth Management Company Limited which is registered in Scotland. Tolbooth Management Company Limited did not trade during the year and the cost of shares of £500 is fully provided above.

3 Creditors: amounts falling due within one year

	1997 £	1996 £
Amount owed to subsidiary undertaking	500	500

Notes (continued)

4 Called up share capital

	1997 £	1996 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	162,425	162,425
7% cumulative preference shares of £1 each	100,000	100,000
	262,425	262,425

Arrears of dividend in respect of the 7% cumulative preference shares amounted to £16,917 (1996: £9,917) at the year end.

The holders of the cumulative preference shares are not entitled to vote at general meetings. In a winding up the holders of the cumulative preference shares are entitled to repayment of capital at £1 per share plus any unpaid fixed preference dividend.

5 Profit and loss account

	£
At beginning of year	(305,515)
Retained profit for the year for equity shareholders	98,187
Appropriation from equity to non-equity interests included therein	7,000
	(200,328)
At end of year	

6 Reconciliation of movements in shareholders' funds

	Equity funds £	Non-equity funds £	Total £
Opening shareholders' funds	(110,417)	109,917	(500)
Profit retained for the year for equity shareholders	98,187	-	98,187
Additional finance costs of non-equity interests for the year apportioned from equity interests	-	7,000	7,000
	(12,230)	116,917	104,687
Closing shareholders' funds			

7 Contingent liabilities

The company has guaranteed the overdraft of its subsidiary up to a maximum of £175,000; the amount outstanding at the year end was £27,924 (1996: £94,976).